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C O N F I D E N T I A L UNVIE VIENNA 000293

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C O R R E C T E D C O P Y (PARAGRAPHS RENUMBERED)

E.O. 12958: DECL: 06/22/2024
TAGS: [KNNP](#) [AORC](#) [IAEA](#) [IR](#)
SUBJECT: IAEA/IRAN: BOARD URGES COOPERATION AND
NEGOTIATION

REF: REFTEL UNIVE VIENNA 000286

Classified By: CHARGE D'AFFAIRES: GEOFFREY PYATT for
reasons 1.4(c) and (e)

Summary

¶1. (SBU) The June 17 IAEA Board of Governors discussion on Iran, although overshadowed by Director General(DG) ElBaradei's concluding intervention scolding Iranian Ambassador Soltanieh for Tehran's lack of engagement with the IAEA (reftel), highlighted the need for Iran to begin full cooperation and take advantage of the new opportunity for a negotiated solution. Overall, the tone of the Board statements on Iran was strong, with the exception of a few hard-line NAM states, who continued to serve as a mouthpiece for Iran. The majority of Member States called on Iran to meet UNSC and Board requirements and registered serious concern about Iran's lack of cooperation on key technical issues, including possible military dimensions (PMD) of Iran's program and Iran's refusal to implement Code 3.1 Modified of its Safeguards Agreement.

¶2. (SBU) In addition to the core like-minded states, Mexico and Argentina delivered statements highly critical of Iran. Thirty-three of the thirty-five Board Member States spoke or were spoken for by the EU and NAM, and five states spoke under Rule 50. Many of the statements expressed regret that Iran had not suspended uranium enrichment and heavy water-related activities in violation of UNSCRs and had instead expanded its centrifuge capabilities. Most Board members requested additional transparency and cooperation on the "alleged studies" or PMD issue, with many regretting Iran's stonewalling. Several countries expressed concern that Iran still refuses to provide design information verification (DIV) access at the IR-40 Heavy Water Research Reactor (HWRR) at Arak, with some recalling the IAEA Legal Advisor's earlier comments that this refusal was "inconsistent with Iran's safeguards obligations."

¶3. (SBU) The NAM statement reaffirmed its "principled positions" on the inalienability of rights, cautioned against undue pressure and interference with IAEA verification, and stressed the distinction between "legal" NPT obligations and voluntary confidence building measures. The NAM troika of Cuba, Egypt and Malaysia each supported Iran's position and focused criticism on Member States not authorizing the IAEA to provide "alleged studies" documentation to Iran. Taking this a step further, Cuba endorsed Iran's call to be removed from the IAEA agenda. The NAM troika gave no nod to P5 1 or U.S. overtures to Iran. Other NAM state interventions, including by the Philippines, South Africa, India, Algeria (and Iraq, Libya and Indonesia under rule 50) were more balanced and supportive of engagement.

¶4. (SBU) In his opening remarks to the Board meeting, the DG largely focused on the "new initiative of the U.S. to engage Iran in direct dialogue, without preconditions and on the basis of mutual respect." He said he was "encouraged" by the "new initiative" and urged Iran to respond with an "equal gesture of goodwill and trust-building," and suggested that as a prelude to dialogue a "freeze for freeze" should be adopted. Rather than heed the DG's call, Iran responded with familiar arguments, charging that certain Member States have turned this into a political crisis and are using the IAEA to promote hidden agendas. Iranian Ambassador Soltanieh argued that Iran's case should be removed from the Board agenda because there was no technical justification for its continued consideration. Soltanieh criticized the U.S., EU, and Canada for giving "unbalanced" statements that ignored the positive points in the DG's report. He said that after listening to the U.S. statement he sees no adjustments in U.S. policy, despite promises of change. As a result, he concluded that "all peace loving countries" had to think twice about dealing with the U.S. End Summary.

DG Endorses the Obama Initiative

¶5. (SBU) The Director General (DG), in his opening statement to the Board on June 15, largely focused his comments on the "new initiative of the U.S. to engage Iran in direct dialogue, without preconditions and on the basis of mutual respect." He noted that it was regrettable that Iran has not implemented any of the measures called for by the UNSC and Board, and that no movement by Iran has been made on outstanding issues, including possible military dimensions

(PMD). ElBaradei explained that he was "encouraged" by the "new initiative" and urged Iran to respond with an "equal gesture of goodwill and trust-building," which could include implementation of Code 3.1 and the Additional Protocol (AP). He also suggested that, as a prelude to dialogue, a "freeze for freeze" be adopted.

China and Russia Call For Cooperation

¶6. (SBU) Both China and Russia called on Iran to meet international obligations and fully comply with UNSC and Board resolutions. China noted with concern that Iran had not suspended enrichment-related activities, and had not cooperated with the IAEA in resolving the remaining outstanding issues. China advocated a negotiated solution to the Iranian nuclear issue while recognizing Iran's right to peaceful uses of nuclear energy as long as it fulfilled its international obligations. China encouraged Iran to strengthen cooperation with the IAEA and implement the AP, and expressed hope that "all parties" would take advantage of the opportunity for a peaceful solution.

¶7. (SBU) Russia supported the IAEA's efforts to uncover the full history of Iran's nuclear program-i.e., those related to the outstanding issues-noting the importance to establishing trust. Russia said that diplomacy is the only option for resolving this issue and hopes that negotiations prove successful.

EU and Like-Minded Deliver Strong
Statements Highlighting Iran's Failures

¶8. (C) As EU President, the Czech Republic delivered a powerful EU statement that described a worsening situation with Iran and encouraged Iran to seize the opportunity to engage with the P5 1 and EU High Representative. The EU found it worrying that Iran continues to increase its uranium enrichment capability, and noted that Tehran had no "obvious

civilian application" for such capability. The EU explained that Iran's long list of failures--no cooperation on PMD, no suspension, no Code 3.1, no AP--was of "grave concern," and urged Iran to meet all of its UNSC and Board requirements, extend additional transparency measures, and join the relevant nuclear safety conventions in order to find a long-term solution. The EU also asked the Secretariat to deliver to the Board, either in the course of the current meeting or at its earliest convenience, a briefing conveying an assessment of PMD that would describe the "nature" of the information available to the Agency, as well as an analysis of the issue and a suggested way forward with Iran. This request prompted the Chair to recall that the IAEA had delivered a technical briefing on June 10, noting that she doubted much could have happened in the interim. Professing not to speak for the Secretariat, however, she turned to DDG Safeguards Olli Heinonen to respond. Heinonen seconded her observation that there was nothing new to report beyond what was contained in the DG's June 5 report. The Board Chair subsequently reflected this in her summary (much to the EU's chagrin). (Comment: French DCM mentioned to Mission in advance that the EU would call for a "special briefing," but he did not indicate the call would open the door to an immediate response. In opening that door, the EU left itself exposed to the outcome that Board Chair Feroukhi engineered. While we strongly support the EU objective, we believe the request was badly executed in that the skids were not greased with Feroukhi or with DDG Heinonen. There should have been no expectation on the EU part that anyone in the Secretariat would be prepared off-the-cuff to provide the sort of tentative analytic conclusions we and the EU would like to hear from the Secretariat. Mission will continue to work quietly to rebuild momentum toward a fuller presentation of Secretariat analysis and conclusions on PMD. End comment.)

¶9. (SBU) Australia, Canada, Japan, and New Zealand all delivered similarly strong statements that noted it was essential for Iran to promptly and substantively respond to the IAEA's questions regarding PMD projects and to meet all Board and UNSC obligations, including suspension, AP implementation, and Code 3.1. They said it is also essential to take advantage of the opportunity for direct dialogue with the P5 1. Australia emphasized the importance of improving the containment and surveillance measures at Natanz and urged Iran to cooperate with the IAEA in that respect. Australia also suggested the IAEA include a comprehensive stock-taking of outstanding issues in the next DG's report. Canada noted that it was "particularly troubling" that Iran had not

provided any cooperation on outstanding issues associated with PMD. Like the EU and Australia, Canada also called on the Secretariat to include an annex in the next DG's report detailing the Secretariat's assessments regarding the military dimensions of Iran's nuclear program. (Comment: In contrast to the DG's reftel point that how the Secretariat writes its reports is up to the Secretariat, Heinonen said he would "carefully consider" the Australian and Canadian requests.)

¶10. (SBU) Japan stated that it was "deeply regrettable" that Iran continues to expand enrichment-related activities, especially work on new generation centrifuges, and urged Iran to return to the negotiation process without further delay based on the comprehensive package proposed by the P5 1. New Zealand regretted that the DG's report did not relieve its ongoing concerns about the nature of Iran's nuclear program, especially with regard to PMD. Albania, fully associating itself with the EU statement, delivered a strong statement highlighting that no real progress on outstanding issues had been made, and that the Board, the IAEA, and Iran were "deadlocked" because of Tehran's refusal to cooperate and comply with UNSC and Board resolutions.

¶11. (SBU) The Swiss statement summarized three aspects in the DG's June 5 report that continue to develop in a negative direction--increased centrifuge installation and operations, no cooperation on PMD, and refusal of DIV access. Switzerland explained that it was important for Iran to agree

to improved containment and surveillance measures at Natanz. Switzerland also called on Iran to cooperate on PMD, as well as Member States to "make use of the documents as appropriate." Bosnia and Herzegovina, speaking for the first time in the Board under Rule 50, associated itself with the EU statement and called on Iran to implement the UNSC and Board resolutions. Bosnia noted that little progress had been made on the Iran issue over the past six years, but hoped for a diplomatic solution.

Turkey Reuses March Statement

¶12. (SBU) Turkey's statement, almost a carbon copy of their March statement, was balanced, but did not specifically call on Iran to act. Turkey attached importance to the effectiveness of the IAEA's safeguards system and noted with satisfaction that the IAEA has been able to continue to verify the non-diversion of declared nuclear material in Iran, but also noted that the IAEA was not yet in a position to provide assurances about the absence of undeclared nuclear material and activities in Iran. Turkey considered it important that the outstanding issues related to Iran's nuclear program be addressed in a constructive and transparent way without further delay, and that progress on PMD could be facilitated by moves from those who provided the information. Turkey noted that, as a neighbor of Iran, it was prepared to contribute to the resolution of the ongoing crisis of confidence through peaceful and diplomatic means.

GRULAC Reflect Like-Minded Concerns

¶13. (SBU) Among the GRULAC, Mexico delivered one of the most potent Board statements on Iran, followed closely by Argentina. After acknowledging that material at Natanz is under containment and surveillance, Mexico expressed concern at limitations on safeguards by not applying Code 3.1 at Arak and concern that, despite repeated requests from the DG, Iran has not provided substantive explanations regarding PMD, and the requested access to centrifuge manufacturing and R&D facilities. Mexico underlined the AP as an "essential requirement" as well as conformity with UNSC and Board requests on suspension. The forceful Mexican statement repeatedly took Iran to task for its absence of cooperation at "every angle," and urged Iran to cooperate "effectively and without delay" to resolve "every pending item," though Mexico also referred in passing to cooperation by Member States in providing documents, as did Argentina. Mexico placed the standoff on Iran in the context of renewed commitments to disarmament, including by the U.S., and commended the positive U.S. attitude toward promoting dialogue and preventing a nuclear arms race in the Middle East. "Inflexible positions" that run counter to international law and UNSC resolutions should not undermine this progress, Mexico affirmed, citing also UNSC sanctions on DPRK. The otherwise strong Mexican intervention ended with an oblique reference to the Director General election and the need for clear Agency leadership on verification issues.

¶14. (C) (Comment: Immediately after Mexico delivered its statement, the Iranian Deputy Permanent Representative to the IAEA delivered a hand written note to the Mexican Perm Rep, which, judging from the timing, probably expressed Iran's displeasure with linking North Korea to Iran. End Comment.)

¶15. (SBU) Argentina began by "lamenting" the lack of progress and Iran's contradiction of UNSC requirements on suspension, including at Arak, and the AP. Like Mexico, Argentina called for application of Code 3.1 and early DIV at Darkhovin and for Iran to resolve PMD issues by providing substantive information and access to facilities. Argentina stipulated that Iran should clarify PMD documents believed by the Agency to be "objectively correct" to show that these are

not nuclear in nature, while Member States should develop new modalities to share documents with Iran. The Argentine statement concluded by appealing to Iran to undertake all necessary measures (UNSC and additional transparency measures) to demonstrate the peaceful nature of its program as quickly as possible.

¶16. (SBU) In a characteristically short statement, Brazil conveyed a candid assessment that the current DG's report did not differ substantially from the last one and registered no progress. Brazil hoped for progress to resolve doubts about Iran's peaceful purpose and looked forward to future negotiations

NAM Troika: No Evolution in Position

¶17. (C) Although the NAM statement delivered by Cuba did not include a verbatim recitation as in the previous three Board meetings of the July 2008 Tehran Ministerial statement, the NAM reaffirmed the "principled positions" taken heretofore on Iran. There was no evolution in the NAM position which reflected the group's sole operational purpose in Vienna, serving as an apologist and mouthpiece for Iran and Syria (a service which both Iran and Syria duly acknowledged in their respective national statements under Rule 50.) (Comment: This proclivity would only be exacerbated, or perhaps become more transparent, if Iran succeeds in securing a slot on the NAM troika at the NAM Summit in Egypt in July. End Comment.) While paying lip service to diplomacy and dialogue and calling for "substantive negotiations without preconditions," the NAM statement did not mention the P5 1 offer to Iran or U.S. willingness to engage in direct diplomacy, though national statements by other NAM members welcomed the new U.S. stance .

¶18. (SBU) Rather, the NAM statement hewed to established positions, reaffirming inalienable NPT rights without discrimination and including respect for states' choices, specifically citing those of Iran on fuel cycle policies. The NAM reaffirmed the IAEA as the sole competent verification authority, cautioned against undue pressure and interference with IAEA verification, and stressed the distinction between "legal" NPT obligations and voluntary confidence building measures (CBMs). (Comment: The Director General's intervention at the conclusion of the item directly addressed the latter point but with little effect on the NAM. End Comment.) As has become customary, the NAM cherry picked "positive" aspects of the DG's report by citing non-diversion of declared material, no evidence of reprocessing, containment and surveillance at the FEP and PFEP, environmental sampling, and 26 unannounced inspections since March 2007. Also as in the past, the NAM supported the Director General's request for Member States to provide copies of the "alleged studies," painting this as an obstacle to verification while making no mention of Iran's failure to cooperate on PMD issues. Taking all of this into account and the completion of the "work plan," the NAM once again "looked forward to" safeguards implementation in Iran in a routine manner. The statement also made the usual call for a NWFZ in the Middle East and condemnation of any threat of attack on a peaceful nuclear facility as a grave violation of the international law.

¶19. (SBU) Cuba's national statement went a step further than the NAM statement in insisting that there was no justification for keeping the Iran nuclear issue on the Board's agenda. Cuba again painted Iran as the victim of an unprecedented inspection regime that had turned up no proof of undeclared activity after five years and impinged on Iran's national security. Cuba also echoed Iran's arguments on outstanding issues having been addressed a year ago under the "work plan," questioning information of "doubtful origin"

and calling for routine implementation of safeguards. Cuba blamed geopolitical interests for keeping Iran on the agenda

while turning a blind eye to "double standards" in the Middle East. The Cuban statement ended with its usual call to return the Iran file to Vienna noting that "today as never before," we see conditions that allow the issue to advance; this was the only acknowledgment of a change in the international dynamic. Speaking under Rule 50 as a non-Board member Venezuela was almost as ardent as Cuba in insisting on routine implementation of safeguards in Iran and questioning the documents of "doubtful origin" that it urged be shared with Iran.

¶20. (C) National statements by NAM troika members Egypt and Malaysia also demonstrated no real departure from previous recent statements. Egypt reaffirmed that the Iranian nuclear issue could not be viewed in isolation from establishing a NWFZ in the Middle East and application of IAEA safeguards in Israel, while Malaysia forthrightly decried the "lack of seriousness" and "imbalance" with respect to Israel versus Iran. Egypt stressed, in particular, compliance only with legal NPT obligations while anything "in excess" of this was limited and could not be based on "non-credible allegations"--i.e. including those of the U.S. (Comment: In its public position as a NAM standard bearer, Egypt expressed none of the concerns about Iran relayed privately to Ambassador Schulte prior to the Board. End Comment.) Malaysia welcomed continued cooperation by Iran that had led to resolution of all "work plan" issues and likewise impugned the credibility of the "alleged studies." Like the NAM statement, neither Egypt nor Malaysia made mentioned U.S. or P5 1 overtures to Iran.

"Balanced" NAM Statements

¶21. (SBU) While associating with the NAM statement, national statements by the Philippines, South Africa, India, and Indonesia, under Rule 50, were more balanced than those of the troika, as has also been the case in prior Board meetings. Usually helpful NAM member Ecuador did not speak on the Iran agenda item this time. The Philippines welcomed non-diversion of declared nuclear material and Iranian cooperation with IAEA inspections, but expressed concern with the lack of progress on outstanding issues which it urged Iran to resolve by providing "continued" transparency and access. The Philippines added that "other concerned parties" should also cooperate. As it has previously, the Philippines called for AP implementation in compliance with UNSC and Board resolutions. Ending on a strong note, the Philippines welcomed U.S. willingness to engage in direct dialogue and shared the Director General's hope that Iran will respond in kind.

¶22. (SBU) South Africa also began with a recitation of the "positive elements" of the report related to declared material, before lamenting the fact that after five years the Director General was still not in a position to provide assurances on the absence of undeclared activities. South Africa called on Iran to address outstanding issues, but also on Member States to provide documents. The SAG statement focused on the AP as "critical" in allowing Iran to prove to the world the nature of its nuclear program, in addition to calling for implementation of Code 3.1 and mandatory steps required by the UNSC. South Africa concluded by welcoming "indications" of renewed dialogue.

¶23. (SBU) In a short statement, India highlighted the need for clarification of outstanding issues, noting the Director General's remarks that there had been no movement on these issues, and urged Iran and "others concerned" to provide information and transparency. After calling for a diplomatic solution, India concluded with its customary jab about "the supply side of proliferation,"-i.e. Pakistan. Rule 50 speaker Indonesia was also "balanced" in welcoming "progress" and IAEA and Iranian efforts on the "work plan," and called on "all parties," including Iran, to cooperate in addressing remaining issues. Indonesia was encouraged by the new U.S. approach in creating a conducive atmosphere for negotiation

and echoed the Director General's hope that President Obama's offer would lead to a settlement.

Other Arabs Also More Balanced

¶24. (SBU) In a measured statement, Iraq called for a "balanced policy" by all parties while recognizing the legitimate demands of the IAEA and Board and UNSC resolutions. Throughout its statement, Iraq called on "all

parties" to rely on dialogue and avoid escalation. Iran also called on Iran to adhere to the AP, and provide substantive information on PMD issues, as well as others to provide copies of documentation. Algeria welcomed U.S. willingness to engage in direct dialogue and noted that it was encouraged by the prospects for nonproliferation and disarmament.

¶25. (SBU) Libya, under Rule 50, welcomed the DG's continued verification of the non-diversion of declared nuclear material in Iran, but also called on Iran to increase cooperation with the IAEA so that the nature of its program could be fully understood. Libya also called on the international community to deal with all issues on equal footing-i.e. Israel. Saudi Arabia did not speak on Iran but delivered an unhelpful intervention under the Syria agenda item (septel).

Iran Pushing for Removal from Agenda

¶26. (SBU) In his prepared statement to the Board, Iranian Ambassador Soltanieh laid out Iran's case that it should be removed from the Board agenda because there was no technical justification for continued consideration of its file. He emphasized that over the last six years the DG had issued twenty reports in which he stated that there is no evidence of the diversion of declared nuclear material in Iran. Soltanieh asserted that Iran should have been removed from the agenda in 2004 when the IAEA verified Iran's explanation that the source of LEU and HEU contamination in Iran was foreign, but that "a certain state" driven by political, not technical considerations, made a new allegation, which Iran later proved to be baseless. Finally, Soltanieh blamed the US for not turning over the "alleged studies" documents, which precluded the IAEA from resolving the issue.

¶27. (SBU) In an effort to keep driving a wedge between Board members, Soltanieh argued that Iran remained on the agenda because a couple of countries wanted to create more intrusive safeguards to interfere in the internal affairs of Member States. Soltanieh cited attempts to make the AP mandatory, a US proposal to establish the committee on strengthen safeguards, and the additional restrictions on technical cooperation as evidence that the focus on Iran at the IAEA was a pretext for restricting the rights of other Member States. In his final plea to resume routine inspections in Iran, Soltanieh cautioned that keeping Iran on the agenda would have serious consequences for the IAEA's credibility.

¶28. (SBU) After delivering Iran's prepared statement, Soltanieh criticized the U.S., EU, and Canada for giving "unbalanced" statements that ignored the positive points in the DG's report. He said that after listening to the U.S. statement he sees no adjustments in U.S. policy, despite promises of "change." As a result, he said that "all peace loving countries" had to think twice about dealing with the U.S. Soltanieh ended by informing the IAEA that a new chapter in Iran-IAEA relations was possible if the IAEA resumed routine safeguards in Iran at which point Iran would resolve ambiguities, "if any."

Chair's Summary

¶29. (SBU) In her summary, the Chair (Algerian Ambassador Feroukhi) noted that several Member States expressed serious concern that the Agency was still not in a position to determine the nature of Iran's nuclear program and that Iran had not complied with UNSC resolutions and with previous Board requests. Several Member States noted the need for Iran to implement the AP and the Code 3.1 and to resolve the outstanding issues which raise concerns about PMD. In addition, several Member States requested that the States that provided the Agency with documentation related to the "alleged studies" authorize the Agency to share them with Iran. The summary stated that several Member States deplored that Iran had not allowed the Agency to carry out at DIV at the IR-40 and had not provided the design information on the nuclear facility that Iran intended to construct in Darkhovin. Several Member States expressed concern that Iran was the only country to build and possibly operate a nuclear power plant without being party to the relevant nuclear safety and security conventions. Several members called on Iran to consider positively the offer made by the P5 1 and noted the DG's proposal of a "freeze-for-freeze" as a prelude to such dialogue.

¶30. (SBU) Several Member States said that they looked forward to safeguards implementation in Iran being conducted in a routine manner, that undue pressure or interference in the Agency's verification activities jeopardized the Agency's credibility, and that they supported a nuclear-weapon-free zone in the Middle East.

U.S. Statement

¶31. (U) Begin text of U.S. statement:

Madam Chair,
The United States appreciates this latest report on the implementation of Iran's Safeguards Agreement and compliance with its UN Security Council obligations. We thank the Director General and the Secretariat for their continued serious and professional efforts in conducting their verification mission in Iran.

Once more, we have before us confirmation that the Agency's task is not an easy one. Indeed, the language of the Agency's reports has become repetitive in its description of Iran's refusal to comply with its obligations while advancing its proscribed nuclear program and denying the IAEA the access and information it requires.

Iran has so limited the Agency's ability to carry out its investigation into the many outstanding issues surrounding Iran's nuclear program that no progress has been made toward a resolution of this issue since August 2008. As a result, the latest Director General's report represents, once again, another opportunity missed by Iran to address the concerns of the international community with respect to its nuclear program. We regret that no progress has been made in the IAEA's investigation. We regret that no progress has been made with respect to Iran's fulfillment of its UN Security Council, NPT, and IAEA obligations. And we regret that no progress has been made in establishing the confidence of the international community as to the exclusively peaceful nature of Iran's nuclear program.

As President Obama noted in Cairo on June 4, the question now is what future Iran wants to build: one of inclusion and cooperation as a responsible member of the international community, or one of increasing isolation. We call on Iran's leaders to demonstrate genuine commitment to peace and security in the Middle East and to the non-proliferation regime. Unfortunately, to date, Iran's ongoing noncompliance continues to erode the foundation of mutual confidence and trust upon which the entire nonproliferation regime - and the IAEA safeguards system in particular - is built.

Madam Chair,

I wish to focus on three key items.

Let me address first the issue of Iran's past efforts to design a nuclear warhead. The Director General's report to this Board in September 2008 discussed various proposals for Iran to address the many outstanding issues related to possible military dimensions to its nuclear program. In November, the Director General asked that Iran assist the Agency by providing it with access to documents, information and personnel to demonstrate, as Iran has asserted, that its nuclear activities were not nuclear-related. The Director General encouraged Iran to provide clarifications and substantive explanations to support its contentions about the considerable information provided to the IAEA by multiple states.

It is therefore disappointing that over nine months have gone by and Iran has failed to take what the Director General calls an important first step in addressing these long outstanding issues. What conclusion should the Board draw from Iran's refusal to even meet with the IAEA inspectors, much less provide substantive answers to the IAEA's questions?

Iran claims that all of the IAEA's concerns have been addressed. Unfortunately, this is far from the case, as the DG report demonstrates. As the Board responsible for this Agency, we have a responsibility to demand fulsome answers to the Secretariat's questions when the Agency is unable to fulfill its basic function of providing assurances as to the peaceful nature of a state's nuclear program. When a state such as Iran, which has failed to observe its safeguards agreement fully for decades, is known to have engaged in weapons-related work, it makes this task all the more vital.

Second, it remains deeply troubling that Iran continues to make progress in its uranium enrichment program despite its standing, legally-binding obligation to suspend such activity. The fact that Iran has now produced over 1,300 kg

of low enriched uranium hexafluoride is cause for serious concern to the international community. Iran is now either very near or in possession of sufficient low enriched uranium to produce one nuclear weapon, if the decision were made to enrich it to weapons-grade. Iran also continues to install and test additional centrifuge cascades. Far from having suspended its centrifuge activities or moderating them, Iran has nearly doubled its number of operational and near-operational centrifuges at the Fuel Enrichment Plant at Natanz in less than a year, and member states were informed at last week's technical briefing that Iran is now testing a more advanced centrifuge, the so-called "IR-2 modified". This is deeply regrettable. As the Director General noted in his opening statement, Iran must take steps, such as a "freeze for freeze", implementing its design information verification requirements, and adhering to the AP, that build international confidence in its nuclear program to overcome fears that Iran continues to seek a weapons option.

Third, we note with concern that Iran's work on the Arak Heavy Water Reactor has continued, as has Iran's apparent production of heavy water at the associated plant. Construction of this reactor could provide Iran with the capability to produce one or two weapons worth of plutonium annually if the reactor is brought on-line.

Iran argues that it has no intent to use the Arak reactor for military purposes and that IAEA safeguards are intended to provide us confidence that this is the case. However, Iran's refusal to meet its safeguards obligations deprives us of that confidence. As the report lays bare, Iran persists in its refusal to implement fully its safeguards agreement, much less the Additional Protocol called for by the Board and UNSC.

This lack of cooperation is no more evident than with Iran's persistent refusal to permit the IAEA to conduct a Design Information Verification (DIV) inspection of the Arak reactor. As described in the DG report, Iran's response to

IAEA requests for access to the reactor has been uniformly negative and dismissive of the Agency's concerns. To justify its response, Iran claims to have unilaterally dispensed with its obligation for early declaration of nuclear facilities under the modified Code 3.1 of the Subsidiary Arrangement to its Safeguards Agreement, though the IAEA has asserted that there is no provision in the IAEA Statute or Iran's Safeguards Agreement that permits the unilateral modification of its obligations. Indeed, the IAEA's Legal Advisor has indicated that Iran's failure to apply Code 3.1 is "inconsistent with" its safeguards obligations. Further, the Secretariat has informed Iran in writing that it cannot unilaterally alter its safeguards obligations by suspending Code 3.1 and by denying inspections at Arak.

While at first some may have questioned the practical significance of Iran's stance, the Director General makes clear the serious implications of Iran's refusal to grant the Agency access to IR-40, which "could adversely impact the Agency's ability to carry out effective safeguards at the facility, and has made it difficult for the Agency to report further on the construction of the reactor." In short, Iran is increasingly putting the effectiveness of Agency safeguards at risk by not allowing such inspections at Arak.

Similarly, over a year ago, the Director General requested Design Information Verification information for the new power plant Iran plans to construct at Darkhovin. And once again, Iran has refused to provide such information to the IAEA.

Last week's technical briefing by the IAEA raised questions regarding the future of safeguards at Natanz as well. Containment and surveillance measures are the bedrock of IAEA safeguards. We hope that the Agency and Iran will be able to come to an appropriate agreement regarding the safeguards approach at Natanz, while we continue to urge Iran to meet its UNSC obligation to suspend all activities at Natanz without further delay.

Madam Chair,
Over the past four years, we have seen Iran increasingly refuse to cooperate with the IAEA and provide the access and transparency required of it by the UN Security Council. Iran's refusal to implement the Additional Protocol or even to fully implement its Safeguards Agreement merits the sustained attention of the international community and a vigorous response by the members of this Board.

President Obama was clear in his speech in Cairo: "Any nation -- including Iran -- should have the right to access peaceful nuclear power if it complies with its responsibilities under the NPT. That commitment is at the

core of the treaty, and it must be kept for all who fully abide by it." We urge Iran to fulfill all its responsibilities, including to engage fully and transparently with the Secretariat in resolving outstanding issues without further delay. We urge Iran to provide the IAEA immediately with all requested information on past, present and planned nuclear activities in Iran and to acknowledge its continuing responsibility in that regard.

Iran's current posture with respect to the IAEA deeply undermines Iran's assertion that its nuclear program is exclusively peaceful in nature. It is incumbent on Iran to take the necessary measures to re-establish its credibility with the international community and demonstrate that Iran is living up to its international responsibilities. Only in this fashion will Iran be able to reassure us all as to its peaceful intentions.

Madam Chair,
My government is committed to a diplomatic resolution of international concerns over Iran's nuclear program and the P5+1 dual track approach. We continue to call on Iran to seize the opportunity and to respond substantively to the P5+1 offer on its nuclear program made two months ago in

April 2009. We are willing to engage in direct diplomacy based on mutual respect and interests and we seek a willing partner. However, as I have already stated, with rights come responsibilities.

We urge Iran to fulfill its international nuclear obligations and accept the promise of a negotiated and comprehensive settlement. We hope that Iran will not miss this opportunity to resolve its six-year- long stalemate with the international community by taking immediate steps to restore international trust and confidence. We look forward to a time in which Iran is greeted by this Board as an IAEA member state in good standing and urge Iran to do what is necessary to make that a reality.

My Delegation seconds Canada's call for the public release of DG Report Gov2009/35.
Thank you, Madam Chair.

End text.
PYATT